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Chiang Announces Settlement with Nationwide

Company to pay California Life Insurance Beneficiaries an Estimated \$3 Million

SACRAMENTO - State Controller John Chiang today announced a multi-state [settlement](#) with Nationwide Insurance Company that requires the company to pay an estimated \$3 million owed to California beneficiaries of life insurance policies.

Controller Chiang began auditing insurance company practices in 2008, revealing an industry-wide practice of companies failing to pay death benefits to the beneficiaries of life insurance policies, despite having access to federal records indicating that policyholders had died, or direct confirmation from relatives of the deceased. Instead, some companies would continue collecting premium payments from the deceased by drawing down the policies' cash reserves. Once the cash reserves were depleted, the company would cancel the policy.

However, since the audits of national companies began, Nationwide has been diligently contacting Californians who are owed benefits. To date, Nationwide has paid more than \$11 million in unclaimed death benefits on annuity contracts to at least 346 California beneficiaries. The company has also paid more than \$1.5 million in life insurance benefits to 131 California beneficiaries.

"I commend Nationwide for stepping up and doing right by its customers," Chiang said. "People purchase life insurance policies for a reason: they want to make sure their loved ones are taken care of after they are gone, and it is deplorable that these companies refuse to pay beneficiaries by pretending they don't know the policy holder has died."

Unclaimed property laws are in place to protect private property from being drawn down by service or storage fees, lost during mergers or bankruptcies, or hoarded unlawfully by the business to use for its own purposes. Administered by the Controller, the California unclaimed property program generally provides that businesses send financial property and accounts to the State after three years of inactivity. The Controller maintains an unclaimed property database accessible by any California resident to identify all unclaimed property the State has collected on their behalf. The database is available at www.claimit.ca.gov.

Since the Controller's audits began, Nationwide is the fifth insurance company to settle with the State, resulting in approximately \$108 million being returned to California beneficiaries. Earlier this week, the Controller signed a multi-state settlement with Forethought Group, Inc., a company that sells end-of-life policies through funeral planners, which will return \$25 million to California beneficiaries. To read more about the Controller's efforts, [click here](#).

Today's settlement requires Nationwide and its subsidiaries to do the following:

- Restore the full value of impacted accounts;
- Fully comply with California's unclaimed property laws and cooperate with the Controller's efforts to reunite millions of dollars in death benefits and matured annuities and other policies with their owners or, in many cases, the owners' heirs;
- Use the date of death as reflected in the Social Security Administration's Death Master File to establish the start of the three-year unclaimed property dormancy period.
- Pay the State of California three percent compounded interest on the value of the held amounts from 1995, or from the date of the owner's death, whichever is later, for failure to comply with unclaimed property laws.

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